

CANADA-WIDE EARLY LEARNING AND CHILD CARE (CWELCC) SYSTEM

2025 Eligibility and Funding Conditions

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Program Overview

The Government of Canada committed to investing in a national child care system with all provinces and territories, as well as Indigenous organizations. As part of this agreement, Ontario will receive \$13.2 billion over six years, beginning in 2022.

Funding under the Canada-Wide Early Learning and Child Care (CWELCC) system will be used to build and leverage the success of Ontario's existing early learning and child care system by increasing quality, access, affordability, flexibility and inclusivity in early learning and child care. This will be accomplished by:

- A) Reducing market rates in a phased approach, for eligible children. In 2022 the first phase was to reduce fees by 25% (to a minimum of \$12 per day), retroactive to April 1, 2022, for Licensees enrolled in the CWELCC system. Starting December 31, 2022, an additional 37% reduction gave parents of eligible children an overall reduction of 52.75%, to a minimum \$12 per day. Starting January 1, 2025 fees will continue to be reduced by 52.75% however, where child care rates are more than \$22 after the 52.75% reduction they will be further reduced to \$22 per day. By 2026, child care fees for eligible children will reach an average of \$10 a day
- B) Creating 86,000 new licensed child care spaces, including more than 33,000 licensed child care spaces created since 2019, with capital start-up grants targeting growth in communities with populations who need them most;
- C) Ensuring space expansion plans and programming are informed by, and support the needs of, vulnerable and diverse populations in communities; and
- D) Strengthening the early childhood workforce through enhanced compensation, training and professional learning opportunities.

The phased approach to implementing the CWELCC system was focused on the immediate objectives of affordability for families and system stability and is now moving towards addressing the objectives of increasing accessibility and inclusion over the longer term.

Participation

In 2022, Licensees serving children under the age of six in the Regional Municipality of York (York Region) were eligible to apply to participate in the CWELCC system. A new operator or Licensee that did not choose to participate in 2022 may apply to participate in the CWELCC system.. Funding for new spaces are prioritized for those in [York Region's priority neighbourhoods](#) . Approval will be dependent on the need for additional child care spaces and availability of funding.

To be eligible for CWELCC funding, child care operators must be:

- Located in the Regional Municipality of York
- Licensed under the [Child Care and Early Years Act, 2014 \(CCEYA\)](#)
- Enroll by submitting the CWELCC application form by the date outlined by York Region

- Maintain child care fees at the rate charged March 27, 2022 (2022 fee freeze). Rates for child cares that opened after March 2022 cannot be higher than the Regional rates as set by the Ministry in their regulations.
- Demonstrate financial viability
- Complete the Licensed Child Care Operations Survey from the Ontario Ministry of Education
- Agree to operate under the criteria outlined in this document to receive funding to reduce base fees for eligible children

Licensees initially applying to participate in the CWELCC system are required to communicate to all parents and staff within 14 days of the Region’s notification of their application approval status.

Please note: due to limited provincial funding to add new CWELCC funded spaces across York Region, only those child care operators looking to open or expand in York Region’s identified priority neighbourhoods are being considered to join CWELCC. See york.ca/canadawidechildcare for more details about York Region’s priority neighbourhoods.

NON-PARTICIPATION

Licensees who **are not participating** in the CWELCC system may continue to run their operations under the existing provincial licensing and regulatory framework. Licensees are required to indicate in their parent handbook that they are not participating in the CWELCC system and must include their fee amounts.

Unlicensed child care programs, including unlicensed home child care, authorized recreational programs and school board-operated extended day programs, are not eligible to participate in the CWELCC system.

Fee Reduction

Fee reduction funding is focused on reducing parent fees for families with eligible children in licensed child care. A child is eligible until the last day of the month in which the child turns six years old; where a child turns six between January 1 and June 30 the child is eligible until June 30.

A graduated approach to fee reductions began in Spring 2022 as follows:

- A fee reduction of up to 25% (to a minimum of \$12 per day) retroactive to April 1, 2022
- An additional 37% to an overall 52.75% fee reduction (to a minimum of \$12 per day), effective December 31, 2022
- Starting January 1, 2025, 52.75% fee reduction to a minimum of \$12 per day and maximum of \$22 per day
- \$10-per-day average child care fees by 2026

PAYMENT PROCESS

Effective 2025, fee reduction funding is paid through the CWELCC Cost-Based budget based on the determined program cost allocation plus allocation in lieu of profit/surplus minus the expected base fee revenue offset.

Operators are required to submit the ROA no later than the eighth day of each month for data tracking and Ministry of Education reporting purposes. Operators will complete the fee subsidy attendance, if applicable, and the CWELCC attendance for eligible full fee children receiving a CWELCC fee reduction.

PAYMENT IMPLEMENTATION TIMELINES

Licensees that are enrolled into the CWELCC system for the first time are permitted to continue charging higher parent fees for 20 calendar days after the Region notifies them that they are enrolled in the CWELCC system. On and after the 21st day after the Licensee is notified by the Region of the enrollment date, Licensees cannot charge a base fee that is higher than the daily rate minus the CWELCC fee reduction.

Refunds/credits must be provided to the parent within 20 calendar days after the day the Licensee receives funding from the Region. Refunds/credits are required for all parents of eligible children who paid higher fees on or after the enrollment date, regardless of whether their child currently receives care from the Licensee.

RATE INCENTIVE AND CWELCC

For Licensees receiving rate incentive funding, this funding will be included in the CWELCC cost based budget. The Licensee will apply the fee reduction (52.75%) of the rate families paid (applying the rate incentive to the market rate and calculating the 52.75% reduction based on the reduced rate).

REGISTRATION

All parent fees for eligible children under six are frozen at their March 2022 rates. This means registration fees and other non-base rate fees charged to parents cannot be raised or created after March 2022. These fees are reduced along with base rates for families by 52.75%. Rates for child cares that opened after March 2022 cannot be higher than the Regional rates as set by the Ministry in their regulations. Child care operators are encouraged to no longer charge registration fees as any mandatory fees collected above the monthly parent fees will be included in the child care's estimated base fee revenue, which is deducted from the program cost allocation.

FEE SUBSIDY PARENT CONTRIBUTION REDUCTION

Parents accessing fee subsidy will receive a 50% reduction for eligible children in their parent contribution with no floor of \$12 per day. Families with a parent contribution over \$22 per day can withdraw from the fee subsidy program and benefit from the CWELCC \$22 daily fee cap.

Workforce Compensation

Workforce compensation funding will support recruitment and retention of Ontario's child care workforce through improved compensation for low-wage earners through a wage floor, and an annual wage increase for eligible registered early childhood educators (RECEs). In addition, workforce compensation is available to Licensees to offset wage increase costs for non-RECE staff associated

with the minimum wage increases that came into effect in 2022. Funding for Workforce Compensation for staff supporting children under six will be paid through the CWELCC Cost-Based budget.

RECE WAGE FLOOR AND ANNUAL WAGE INCREASE ELIGIBILITY

To be eligible to have their wage raised by the annual increase and to the wage floor, staff must be in a position categorized as:

- RECE program staff
- RECE child care supervisor
- RECE home child care visitor

To be eligible for an **annual wage increase** of \$1 per hour, RECE staff must be receiving Wage Enhancement (WE) funding, and their hourly wage including wage enhancement must be below the wage cap of \$27 per hour on January 1, 2025.

To be eligible to have their wage raised to the **RECE wage floor**, staff must be receiving wage enhancement and their hourly wage, including general operating grant (GOG), wage enhancement, and the annual increase must be below the wage floor for the respective year.

Please note: The province has indicated that when calculating base wages for the purposes of wage enhancement allocations, it must include any GOG funding provided. Historically, York Region has not included GOG when calculating base wages. This means that staff may have been receiving wages that exceeded the provincial maximums for annual increase and wage floor. Moving forward, wage increases for affected employees will be held constant until affected employees become eligible for additional increases.

Hourly Wage Floor 2022 to 2026

Staff position	2022	2023	2024	2025	2026
RECE program staff	\$18	\$19	\$23.86	\$24.86	\$25.86
RECE supervisor / home visitor	\$20	\$21	\$24.86	\$25.86	\$26.86

For clarity, to determine the RECE wage eligibility, the following order of operations must be followed:

1. 2024 base wage (by employer) which must include GOG
2. Wage enhancement (\$2 per hour, up to a maximum as per WE guidelines)
3. CWELCC annual wage increase \$3 per hour, up to \$27 per hour for RECE program staff and \$30 for RECE supervisor/home visitor
4. CWELCC incremental wage floor funding, if applicable

IMPLEMENTATION TIMELINES

The wage floor for 2022 came into effect April 1, 2022. For all following years, the wage floor will come into effect on January 1 of each year.

Licensees will be permitted to continue to pay eligible staff below the wage floor for 31 calendar days after the Region notifies them that they are participating in CWELCC or that the annual application has

been approved. On and after the 32nd day after the Licensee is notified by the Region of the approval, the Licensee is required to pay eligible staff at least the wage floor.

Licensees would then be given one additional month (for a total of 61 calendar days from the day they were approved) to provide staff with a retroactive payment for any wages that were below the wage floor, retroactive to January 1 or the date they were licensed if after January 1.

INELIGIBLE POSITIONS

The following positions are not eligible for RECE wage floor and annual wage increase funding:

- Non-RECE program staff
- Non-program staff
- Director-approved positions

The wage floor and annual increase will not apply to non-program staff, such as:

- Cook, custodial and other non-program staff positions
- Special needs resourcing (SNR)-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party, such as a temp agency

The only exception to the first two positions noted above is if the staff is a RECE and the position spends at least 25% of their time to support ratio requirements as outlined in the *CCEYA*, in which the staff would be eligible for the wage floor and annual wage increase for the hours that they are supporting the ratio requirements.

NON-RECE MINIMUM WAGE OFFSET

To be eligible, Licensees must employ staff that were earning between \$15.50 to \$16.55 per hour (not including wage enhancement or General Operating Grant) on September 30, 2024. Minimum wage offset funding will be provided to licensees starting the date of participation in CWELCC up to and including 2026.

Eligible positions:

- Non-RECE program staff
- Non-RECE child care supervisor
- Non-RECE home child care visitor

Ineligible positions:

The minimum wage offset **will not apply** to non-program staff, such as:

- Cook, custodial and other non-program staff positions
- SNR-funded resource teachers/consultants and supplemental staff
- Staff hired through a third party, such as a temp agency

The only exception to the first two positions noted above is if the staff is a non-RECE and the position spends at least 25% of their time to support ratio requirements as outlined in the *CCEYA*, in which the staff would be eligible for the wage floor and annual wage increase for the hours that they are supporting the ratio requirements.

PAYMENTS TO STAFF

Licensees must include workforce compensation payments in each pay cheque or payment made. As of 2024, this information should be displayed on a separate line. Workforce compensation may not be paid at the end of the year as a lump sum payment.

PAYMENT PROCESS

Workforce compensation funding will be available through an annual application and calculated as part of the program cost allocation. Operators will receive an email acknowledgement once the application has been approved. Funding will be paid monthly.

MANDATORY BENEFITS

Workforce compensation funding includes up to 17.5% in benefits. Benefits of up to 17.5% must support Licensees in meeting their statutory benefit requirements.

Once all statutory benefit requirements are met (including two weeks of vacation and nine statutory days), any remaining funding within 17.5% can be used to fund other benefit expenses paid by the employer on behalf of the employee.

Funding Conditions

1. A Licensee must ensure that, after March 27, 2022, it does not charge a fee higher than its capped fee for any eligible children enrolled at the child care centre it operates or at a home child care premises it oversees unless the fee had already been communicated to parents. (See O. Reg 137/15 for additional information about the cap on fees.) Licensees are subject to the cap on fees until either the Licensee notifies the Region, staff and parents of eligible children in writing they are not applying to enroll in CWELCC, or the until the Licensee is notified by the Region of the decision about enrollment in CWELCC system.
2. Licensees are required to reduce their market rates, provide refunds to parents where applicable, in accordance with O. Reg. 137/15, and to increase the wages of Registered Early Childhood Educators to support a mandated wage floor and an annual wage increase as well as any other requirements set by the Region.
3. Licensees must maintain the age zero-to-five spaces for which they are receiving funding to reduce market rates for eligible children. For example, a licensed infant space must remain an infant space. Any revisions or use of alternate capacity must be reported to the Region and the Region may determine whether this may require recovering funding from the Licensee.
4. CWELCC funding amounts to Licensees will be determined at the discretion of the Region.
5. Licensees must demonstrate financial viability to the Region. In exceptional cases where the Licensee is not able to demonstrate financial viability, or if the Region has strong concerns that the funding will be used for improper purposes, the Region may deny a licensee's enrollment in the CWELCC system.

6. Licensees must provide sufficient and detailed financial information through an audited financial statement for review in accordance with the funding, accountability and reconciliation process as determined by the Region.
7. Licensees must submit audited financial statements and other financial information as determined by the Region to verify that the funding provided was used for the purpose(s) intended. Where a Licensee fails to meet this requirement, funds may be recovered, or the Licensee may be ineligible to receive future funding.
8. Any adjustments and recoveries of funding will be determined at the discretion of the Region based on the Region's reconciliation process.
9. Licensees operating as for-profit corporations or individuals can continue to earn profit and licensees operating as not-for-profit corporations will be permitted a surplus amount to build reserves or reinvest in the organization in accordance with the Ontario Child Care and Early Years Funding Guidelines.
10. Licensees will be required to apply for the Wage Enhancement Grant to be eligible to receive funding to implement the wage floor and wage increase for Registered Early Childhood Educators employed by the Licensee.
11. Licensees must maintain March 27, 2022 operating levels. If necessary revisions are required, Licensees must get approval from the Region prior to revising service levels, including but not limited to:
 - a. Program revisions and usage of alternate capacities
 - b. Changes to operating hours
 - c. Changes to operating days
 - I. Licensees may not exceed two consecutive weeks of closure and not more than four weeks of closure within a calendar year, where parents are charged full fees. If an agency exceeds the days of closure, a licensee may either:
 - Open additional days to bring the total to 20 days or below. This approach will allow the location to maintain the same fees. Or,
 - Not charge families for the excess days of closure and reduce the fees proportionate to the excess number of days of closure.
 - II. The program and services (including program quality, hours, availability, and other elements) offered as of March 27, 2022 must be maintained
 - d. Families should not experience any reduction in service offerings, or surcharges from services that were originally part of base fees prior to the introduction of CWELCC
12. Licensees must permit the Region to audit financial and service records related to the CWELCC system at any reasonable time.
13. Licensees must adhere to all requirements as set out in applicable legislation, regulation and local requirements as provided in the Region's Guidelines.